Testimony presented by
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To the CARES Commission
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The American Federation of Government Employees and Local 1020 have reviewed the Draft National CARES Plan to evaluate the impact this will have on our employees and the Veterans we serve at the VA Northern Indiana Health Care System (VA NIHCS). We, the representatives of the employees who serve and care for Indiana Veterans on a daily basis, have identified significant flaws in the Draft CARES Plan. These flaws will have a major impact on the availability and quality of care accessible to our Indiana Veterans.

The Draft CARES Plan fails in five areas:

A. Fails to plan to meet the increasing demand for long-term care services in 2012 or 2022.
B. Fails to plan to meet the space and bed needs to provide veterans with inpatient and outpatient psychiatric care.
C. Fails to plan for additional pharmacy space and Consolidated Mail Outpatient Pharmacies (CMOP)s to meet the growing demands from veterans for prescription drugs.
D. Proposed closures are NOT based upon decreasing numbers of veterans but are based on the lack of in-house capacity to meet the rising demands of the veterans.
E. Relies on privatization and DOD collaborations rather than on investments in Veterans Affairs projected in-house capacity.

A. The Draft CARES Plan fails to plan to meet the increasing demand for long-term care services in 2012 or 2022

Although the CARES plans are supposedly data driven, the proposed plans do NOT address the expected demand for veterans' long-term care and extended care needs. This glaring defect in the objectivity and sufficiency of the CARES Plan must be corrected. How can the Commission report that the proposed plan meets the demand for veterans' health care services over the next 20 years without fully addressing the long-term and extended care needs of the elderly veterans?

1. The data shows an increase in the number of veterans, age 75 or older, from 4 to 4.5 million by 2010. Projections indicate that some 2.9 million veterans in this age group are likely to have Alzheimer's disease or other dementia by that time. By 2012, the number of veterans 85 years old or older is expected to triple to over 1.3 million. More than half a million of these veterans are expected to have Alzheimer's disease or other dementia. As you can see, the VA needs additional capacity to meet the needs of an increasing number of veterans. Veterans who are likely to require either

institutional long-term care or other types of home-based geriatric services as well as health care services of all types.

2. VA's own projections are that it will need more than 17,000 beds to meet the statutory requirements for veterans' long term and extend care entitlements. This projection is based upon a majority of Priority 1a enrollees turning to the VA for the long-term care benefits that they are entitled to under the Veterans' Millennium Health Care Act. The Draft National CARES Plan fails to address VA's need for more than 17,000 additional nursing home care and extended care beds.

3. Privatization of more than 17,000 nursing home-care and extended-care beds will not enhance veterans' care. How can the CARES Plan propose closing and downsizing facilities unless it accounts for the projected number of new nursing home care beds?

   The VA may claim that the proposals to use enhanced lease agreements with private developers will provide veterans with more than 17,000 nursing home and extended care beds that are needed. However, the VA has yet to develop even one site with an enhanced lease to provide assisted living facilities or nursing home care for veterans. It is incredulous to risk the predicted exponential need for veterans' long-term care on this unproven approach to accessing care.

   The VA may also claim that it will provide the more than 17,000 additional nursing home and extended care beds through privatization. In testimony before the House Veterans Affairs Committee, the VA Under Secretary for Health explained that the projected peak in the number of elderly veterans during the first decade of this century will occur approximately 20 years in advance of that in the general U.S. population. Thus, it is unlikely that the private sector will have the capacity to meet the demand for care by veterans. It is also unlikely that the private nursing home industry will uniformly provide veterans with the high quality of care they deserve. According to a July 2003 GAO report, one in five nursing homes nationwide (about 3,500 homes) had serious deficiencies that caused residents actual harm or placed them in immediate jeopardy and needed more oversight from the Centers for Medicare and Medicaid Services (CMS). The GAO found that VA's "monitoring of community nursing home oversight is less diligent" than the CMS monitoring. Therefore, VA cannot perform adequate oversight to ensure veterans receive adequate and safe care from privatized nursing home care. We do not believe that planning to contract out 17,000 additional nursing home-care beds will enhance veterans' health care in the future. We also question the financial impact this would have on taxpayers by the VA being forced to rely on private contractors and eliminating VA's leverage to save the taxpayer money.

4. The CARES Commission must ensure that the Draft National CARES Plan enhances veterans' access to long-term and extended care. How can VA plan to reduce beds and close facilities when the plan does not take into account the projections for the long-term care demand? VA must also plan for adequate space to provide additional adult day health care, respite care, home-based primary care and geriatric evaluation.

The practical effect of not including long-term and extended-care space and bed projections in the Draft National CARES Plan is that the VA will not be adequately positioned to provide veterans with the full continuum of care they need as elderly and frail war heroes.

Locally, we are fortunate to have a new 240-bed geropsychiatric building at the Marion campus of VA NIHCS to help meet the needs of Indiana veterans. VA NIHCS currently has a Nursing Home Care Unit, a Dementia unit, an Adult Day Health Care program, a Home-based Primary Care program and is starting a Geriatric clinic. Continued support and growth of these programs are essential to adequately meet the needs of aging veterans in the future.

B. **The Draft National CARES Plan fails to plan to meet the space and bed needs to provide veterans with inpatient and outpatient psychiatric care.**

The CARES Plan proposes numerous realignments and reductions in beds that directly impact VA's ability to provide veterans with serious mental illness the continuum of health care they need. According to the Under Secretary's written response to congressional questions, VA may be as much as 20% below population-based needs for inpatient psychiatric beds. In addition, 69% of VA facilities do not have any current inpatient capacity for the treatment of psychiatric geriatric patients who need specialized long-term and extended care. VA estimates that for FY 2004 to meet the current demand for care, approximately 396 additional residential rehabilitation beds are needed nationwide to serve the current needs of 5,000 seriously mentally ill veterans. VA also projects that VA would need a minimum of 250 additional domiciliary care beds for homeless veterans in FY 2004 to provide an additional 785 homeless veterans with residential treatment.

The Under Secretary's recent response to congressional questions on access to mental health services reflects a connection between inpatient medical and psychiatric care and the effectiveness of treatment for substance abuse. While many patients are successfully stabilized and maintained in outpatient programs, the use of inpatient stabilization and residential rehabilitation is critical to reduce subsequent re-admissions and to treat patients with greater substance-use severity.

Despite the absence of CARES data projecting inpatient and outpatient psychiatric demand and the clear recognition that VA is not meeting veterans demand currently, the VA has proposed a Draft National CARES Plan that does not adequately ensure that the VA will have the beds and space needed to care for seriously mentally-ill and homeless veterans.

VA NIHCS established a Psychosocial Rehabilitation Program, also called Role Recovery, to help our veterans who experience psychiatric problems develop essential communication, social and other living skills. This program helps our Indiana veterans learn ways to lead more satisfying and productive lives. However, the space and resources to support an outpatient portion of the Role Recovery

Program is needed. This program helps our Indiana veterans function successfully in the community so they will lead more satisfying and fulfilling lives. Extending this program beyond the in-patient realm is necessary to establish the full continuum of psychiatric care for our veterans.

C. **The Draft National CARES Plan fails to plan for additional pharmacy space and Consolidated Mail Outpatient Pharmacies (CMOP)s to meet the growing demand from veterans for prescription drugs.**

VA estimates that the increase in Priority 7 and 8 veterans is in large part due to VA's prescription drug benefit. The recent change in VA policy to permit veterans to fill non-VA physician prescriptions is likely to increase veterans' use of the VA pharmacy. GAO estimated in FY 2002 that VA's CMOPs would likely cost the Department of Defense less than a commercial mail-service pharmacy and would save taxpayers at least $45 million in current dispensing costs. The proposed CARES plan must plan on the space needs to add additional VA CMOPs to meet the veterans projected prescription drug demand.

Locally, pharmacy costs are skyrocketing due to increasing numbers of veterans utilizing this valuable resource. As the number of veterans we serve continues to grow, additional pharmacy space and resources are vital.

D. **The closures proposed in the Draft National CARES Plans are not based upon decreasing numbers of veterans but lack of in-house capacity to meet the rising demand.** In many instances where VA is closing or downsizing facilities, patient workload is actually projected to **increase**.

In Indiana, the Marion division of the VA NIHCS has a newly constructed 100-bed acute psychiatric building. The roughly three-year-old, $20 million structure contains four 25-bed units. Within one year of the building being opened, VA NIHCS Management closed one of the 25-bed units despite professional staff concerns for patients. The purpose for the unit closure was NOT the result of decreased demand. The sole purpose for the closure was due to the lack of staffing resources needed to maintain this unit. Therefore, we have space but still lack the in-house capacity to meet the rising demand due to staffing shortages. The staffing has not significantly increased enough to re-open the unit. The unit remains closed today. Another example, the Marion division of the VA NIHCS currently has an inpatient medical unit that has 16 beds, plus 2 additional telemetry beds. For over two years, VA NIHCS Management has been attempting to close the unit based on changing rationale. First, it was proposed to close the unit as a "cost savings" measure. Then, when Congressional interest questioned the validity of the cost comparison studies, the focus shifted to a "quality of care" issue which was self-created by VA NIHCS Management. For the entire calendar year of 2003, VA NIHCS Management has imposed an 8-bed limit on the number of patients the staff members are allowed to admit to the unit. The purpose for the 8-bed limit is again directly related to the lack of staffing resources necessary to maintain all 18 beds.

E. **The Draft National CARES Plan relies on privatization and DOD collaborations rather than on investments in VA's projected in-house capacity.**

Instead of spending resources on additional VA facilities to meet the needs of the future, VA has decided to spend these resources on contracting out veterans' healthcare. As already mentioned, The Marion division of VA NIHCS operates an inpatient medical unit which the facility Management has been fighting to close for quite some time. When the CARES State Market groups met to draft the initial Market Planning Initiatives (PIs), it was included in the original PIs to close Marion's medical unit based on the "Small Facilities" initiative under the CARES criteria. The rationale for this was that the unit, not the facility, contained less than 40 beds. This was challenged and subsequently removed as a PI for the Indiana Market. However, the Fort Wayne division of VA NIHCS also has a 26-bed inpatient medical unit. Since this unit is the only inpatient unit at the Fort Wayne facility, it does fall under the Small Facilities PI CARES criteria. During the initial Indiana Market and the VISN 11 Market CARES meetings, several options were included to provide care for the displaced patients if the Fort Wayne inpatient medical unit was to be closed. These original proposals included 1) sending the patients to the Indianapolis VA, 2) sending the patients to the Ann Arbor VA in Michigan, and 3) sending the patients to the local community hospitals for care. After much debate in both, the Indiana and the VISN 11 Market meetings, the agency finally agreed to include another option. That option was to send the patients to the Marion VA. However, after the Market meetings concluded, the final plan was forwarded to the VISN 11 Executive Leadership Council. As expected, the VISN 11 ELC omitted the option of moving the patients to the Marion VA. Instead, the ELC chose to include only the options of sending the patients to the Indianapolis VA, or sending the patients to the local community private hospitals. We think this change is not keeping the best interest of Indiana veterans and their families in mind. This change will force the veterans to travel from Fort Wayne to Indianapolis for their care. The Indianapolis VA is approximately 135 miles from the Fort Wayne facility. The Marion VA is approximately 65 miles from the Fort Wayne facility. Many of the patients who are admitted to the Fort Wayne medical unit actually live in Marion. Furthermore, there have been no cost comparison studies regarding the closure of the Fort Wayne inpatient medical unit. We feel it is unfair to the veterans and the taxpayers to propose closing the unit and sending the patients to the local community hospitals without a thorough cost analysis.

Thank you for allowing me the opportunity to present this testimony to the Commission on behalf of the dedicated employees of the VA Northern Indiana Health Care System, Marion Campus. This concludes my testimony.

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES LOCAL 1963

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AMIE POUNDS, PRESIDENT

August 19, 2003

I would like to thank the Commission for the opportunity to provide written testimony on the National CARES Plan. My name is Amie Pounds and I am the labor leader for the American Federation of Government Employees Local 1963 located at the Danville VA Illiana Health Care System. I have been employed there for approximately 20 years and have seen the VA undergo many changes in the last several years. Of all those current proposed changes, I feel this CARES Plan will have the most adverse impact to the veterans we serve and employees who care for those veterans.

This plan does fail to meet the increasing needs of our veterans in long term and extended care. The VA identifies that the numbers of veterans age 75 and over will increase by 4 million to 4.5 million by 2010. Veterans population most in need of nursing home care is expected to triple over 1.3 million by 2012 and remain at that level through 2013. Veterans in this age group are especially likely to need either institutional long term care or other types of home based geriatric services as well as health care services of all types.

The rapid rise of elderly veterans means that the VA must plan to make assets available to provide them with this care. This commission must address the need for more than 17,000 additional nursing home care and extended care beds. I feel the CARES Commission must ensure this plan provides veterans with access to long term and extended care.

The Draft National CARES Plan does not meet the bed needs and space to provide veterans with inpatient and outpatient psychiatric care. Through the numerous realignments and reductions in beds, the VA's ability to provide veterans with serious mental illness with the continuum of health care will be seriously impacted. Many facilities across this country have space to accommodate these needs. This plan should include plans as well as financial support to utilize that space for additional beds to provide the much needed mental health services (inpatient and outpatient) to our veterans.

The Draft National CARES Plan relies on privatization and DOD collaborations rather than on investments in the VA's projected in house capacity. Instead of the VA allocating and spending additional moneys on existing facilities to meet the ever increasing needs of our veterans, the VA has decided to contract out veterans healthcare.

No studies that I am aware of show this action would be more cost effective or provide higher quality of healthcare for our veterans.

This commission is charged with making difficult decisions that will impact VA staff and veterans. In making these decisions, the VA must ensure that the integrity of VA's healthcare and related missions are maintained and the impact the decisions this commission makes not have an adverse impact on staff and affected communities.

Again, I thank this Commission with the opportunity of providing written testimony to this commission.

Respectfully,

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